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CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SECTION 1 (SOVIET)

1. ALBANIA. Agricultural and industrial consumer goods production to increase: The Minister of Agriculture Hysni Kapo stated at the first National Conference of Agricultural Shockworkers that the tasks laid down for agriculture in the Two Year Plan have been satisfactorily completed. Kapo predicted the successful fulfillment of the new Five Year Plan in agriculture which will be made possible by the "beneficial help of the great USSR."

The official Albanian press announced that industrial production during the year 1950-51 showed an increase of 113 to 213 percent in certain consumer goods categories. The plan for the present year envisages increased production, particularly in textiles and sugar. (R FBID, 29 Oct 51)

Comment: The estimated Albanian agricultural production for 1950 and 1951 falls short of the record year 1948. The satisfactory agricultural results indicated for the Two Year Plan probably are due to the excellent weather conditions prevailing during the past summer.

No reference to satisfactory production in Albania's main industries (mining and oil) has been made, although an announcement of overfulfillment would have had propaganda value.

2. POLAND. Preferential food rationing broadened: Preferential rationing of meat and fats in Poland has been broadened to include additional groups of the population, effective 1 November. The weekly ration for a single person has been set at approximately one third of a pound of butter, 1.1 pounds of sausage, and no other meat or fats. The weekly family ration will consist approximately of a half pound of butter, one and a half pounds of meat, .6 pound of sausage, and .4 pound of bacon or lard.

The US Embassy Warsaw states that sugar, bread, and eggs will also probably be rationed on 1 November and reports rumors that rationing of flour and sugar will follow later. (R Warsaw 348, 26 Oct 51)

Comment: Since the cessation of food rationing in 1950, the Polish population generally had the best standard of living in the Soviet bloc. However, faced with a serious food shortage, the Polish Government on 30 August announced a discriminatory meat ration of one month duration to assure certain industrial workers, such as miners, 2 pounds of meat weekly. This ration was extended indefinitely on 30 September.

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The meat and fat ration is not designed to provide an equitable distribution of available supplies, but to insure state allocation of food to those it wishes. The Polish Government by taking advantage of the meat shortage and by broadening the category of individuals to whom it will allot meat and fat rations has increased its direct control over a larger segment of the population.

3. YUGOSLAVIA. Peasant resistance reportedly causing serious delays in winter wheat planting: American correspondents in Belgrade report serious peasant sabotage on the basis of Yugoslav press reports criticizing both collective and independent peasants for delays in winter wheat sowing. Sowing in the important Vojvodina area is proceeding at less than one-third the 1950 rate. The reports indicate that peasants are postponing the planting of another crop until spring, seeding only enough wheat to feed their families and livestock. Isolated instances of active resistance against compulsory deliveries of corn to the state have also been admitted by provincial news organs. (U NY Times, 31 Oct; NY Herald Tribune, 31 Oct 51)

Comment: Natural causes may be largely responsible for apparent peasant inaction. Winter wheat sowing depends largely on climatic conditions, and there has been a shortage of autumnal rain.

On the other hand, several prevailing social factors may be responsible for the delays, for example, continued stress on collectivization, uncertainties accompanying the pending economic reforms, increasing dependence of the regime on foreign aid which is probably interpreted by the peasant as a sign of weakness, and a critical shortage of consumer goods.

Hence, there are in existence many plausible causes for peasant intransigence. On the basis of past performance, however, the peasant will probably plant his seed and take his chances on escaping forced deliveries at official prices in the spring.

If the land in the grain-surplus area of the Vojvodina has not been sown by the third week in November, the regime will have good cause for alarm.

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SECTION 2 (EASTERN)

1. GREECE. New Greek Government not expected to last long: Liberal leader Venizelos accepted the post of Deputy Prime Minister and Minister of Foreign Affairs in the new coalition government against his better judgement. The US Embassy in Athens, which expressed this opinion, added that Venizelos obviously withheld some of the best of the Liberal Party members from cabinet posts, perhaps to use them in further maneuvers. The length of time that the new government remains in office will probably depend to a large extent on Venizelos' attitude. (C Athens, 1972, 30 Oct 51)

Comment: This is the latest of a series of reports which make it clear that the uneasy coalition government created on 27 October is not given a long life expectancy. New elections are expected within the next few months.

Meanwhile, continuing instability will prevent Greece from contributing significantly to NATO or the Middle East Command.

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2. THAILAND/INDOCHINA/CHINA. Chinese invasion of Thailand and Indochina predicted: The Chinese Communist Army will "invade and occupy" Thailand and Indochina at the end of the rainy season, [REDACTED]

Field Comment: This information is viewed with considerable reserve. [REDACTED]

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Comment: The field's reservations are well founded, as the rainy season for almost all of Thailand and Indochina ended at least two weeks ago and there are no indications that a Chinese invasion is imminent.

3. INDOCHINA. Signs of new anti-French, anti-Communist coalition: Colonel Trinh Minh The, leader of a dissident, armed faction of the Cao Dai politico-religious movement, has assumed charge of a "National Resistance Front" which has acquired a radio transmitter and has distributed tracts in Saigon. The Front has been in contact with other Vietnamese political parties and with native Catholic leaders. The legation believes that the political significance of Colonel The's defection is increasing steadily. (S Saigon Weeka 43, 28 Oct 51)

Comment: Trinh Minh The has been functioning as a petty warlord in South Vietnam since June 1951. His avowedly anti-French, anti-Communist movement has not yet assumed serious proportions. The Cao Dai sect's involvement in political intrigue has in the past attracted attention out of proportion to its actual importance.

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5. JAPAN. Police alerted against possible Korean riots: The police in 12 prefectures in Central Honshu have been alerted against possible Korean riots protesting the proposed compulsory repatriation of undesirable Koreans. Police headquarters suspect that riots might break out, on the basis of information that clandestine meetings were being held in various places in the Kinki district, which has a large Korean community. (U FBID Tokyo Kyodo, 30 Oct 51)

Comment: The Cabinet recently approved an immigration control ordinance that would permit the deportation of undesirable foreigners. Since Koreans permanently resident in Japan theoretically retain Japanese nationality until the peace treaty comes into force, this ordinance cannot be enforced against them. Talks are now going on between Japanese and South Korean officials, and it is very possible that leftist Koreans will demonstrate against any decision that places them under the control of the ROK's Korean Mission.

6. Depurge program comes to an end: The government commission charged with reviewing the cases of Japanese purgees announced on 30 October that it had completed its function and was ceasing operations. During its five-month period of review, the commission cleared and recommended for removal from purge restrictions 158,000 Japanese wartime leaders, leaving about 18,000 war criminals, extreme rightists, and military officers of General rank still under purge. (R FBID Tokyo Reuters, 30 Oct 51)

Comment: Originally, some 202,000 Japanese were purged from public office and government service by a SCAP directive of 4 January 1946, but several thousand were subsequently released through appeals. The depurgees are already exercising considerable influence on the affairs of the nation, but the full effect of their return to national political life will not be felt until the next general election, when many of them will reassume their Diet seats and party posts.

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SECTION 3 (WESTERN)

1. GERMANY. Harassing of German interzonal trade continues: The Allied Commandants in Berlin report that Soviet and East German authorities have still not demonstrated that they intend to comply with their oral agreement to cease interference with Berlin trade. The Commandants recommend that economic pressure be brought to bear on the East Zone. (S Berlin 649, 30 Oct 51)

Comment: The Allied High Commission decided on 24 October to suspend interzonal trade entirely if USSR and East German officials did not remove restrictions on Berlin traffic by midnight 1 November. As French and British officials had been reluctant, prior to the 24 October meeting, to stop interzonal trade, this counteraction may still be postponed pending a possible change in East German tactics.

Little trade has moved since the signing of the interzonal trade pact on 20 September. Although the West Germans appear to have shipped roughly three times as much to East Germany as they have received, the East Germans have shown considerable displeasure that key shipments, such as iron and steel, have been delayed.

2. FRANCE. Schuman anticipates a French initiative for settling the Saar question: French Foreign Minister Schuman has stated that the French Government might "begin exploring ground" in the coming months for a solution to the Saar problem and that he personally did not think the present arrangement could continue indefinitely. He hopes that the question will be settled before the 1953 Saar elections.

Schuman sees a definite possibility for solving the Saar problem "in the context of a federal Europe," with the territory enjoying a special status, perhaps as a trusteeship of the European community. He believes that some Germans, "including possibly Adenauer himself," favor such a solution. (S Paris 2482, 28 Oct 51)

Comment: At the Ottawa NATO Council meeting Schuman is reported to have told a German press representative off the record that an effort toward a solution might appropriately be made when contractual relations were established with Germany.

The French probably realize that an indefinite postponement of efforts to reach an understanding with the Germans on the Saar would work against French interests. Elections in the Saar are likely to favor Germany's objectives, and the Germans will become less tractable after political and military arrangements with the Allies have been concluded.

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3. AUSTRIA. Statement on Austrian treaty expected at World Peace Council: According to the US Legation in Vienna fragmentary intelligence indicates that some "spectacular announcement" may be expected from the World Peace Council during the course of its meeting in Vienna. This may well include a statement on the subject of an Austrian treaty. Inasmuch as other important world or local news would constitute the only effective counter-action to such an announcement, the Legation suggests the desirability of having the Austrian Government release a statement calling for a resumption of negotiations by the Austrian treaty deputies. (S Vienna 1532, 27 Oct 51)

Comment: It is possible that the Austrian treaty will be included among the variety of world topics that will probably be discussed at the World Peace Congress. Western efforts to retain initiative on the Austrian treaty question with a call for an early resumption of negotiations have been delayed by Western failure to achieve agreement on a treaty strategy and by US objections to a proposed Austrian note requesting a new meeting of the treaty deputies. However, to make full use of the opportunities offered by the peace offensive in Vienna, it is expected that the Austrian Foreign Minister will soon submit an amended note to the US Legation in Vienna requesting a new effort on the Austrian treaty.

4. Peace Partisans "document" remilitarization charge: The Austrian Council of Peace Partisans submitted to Parliament a 164-page "white book" allegedly proving Soviet charges of Western preparations for aggressive war in Austria and exposing the complicity of the Austrian Government in this "criminal activity." Commenting on the document, the Soviet-sponsored Oesterreichische Zeitung cites three stages in Western military planning: (1) a 1949 plan for the formation of a South European group under the Atlantic Pact and the conversion of the Austrian central Alps into a modern fortress; (2) the "Bethouart Plan" of 1950 outlining "offensive action," to begin with propaganda and sabotage in the People's Democracies; and (3) the American Alpine Fortress Plan calling for the use of Austria as a base for offensive military operations. Austrian officials are quoted as favoring these military preparations and the subordination of the Austrian economy to the Atlantic Pact program. (P Vienna 1539, 29 Oct 51; R FBIS -- Oesterreichische Zeitung, 30 Oct 51)

Comment: The "white paper" is apparently the product of the preliminary meeting of the Austrian Peace Partisans recently convened in Salzburg, and it suggests the probable Austrian line to be assumed by the Peace Council now about to meet in Vienna. In a recent statement, Minister of Interior Helmer stoutly defended the legitimacy of Austrian preparations for the army which will be permitted Austria under the draft treaty.

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5. BELGIUM. Change in composition of Cabinet expected: Political observers in Belgium believe that a change will take place in the composition of Prime Minister Pholien's Social Christian (PSC) government after the Belgian King returns from a visit to Sweden. It is expected that the Prime Minister will relinquish his post for that of Justice Minister, and that either the present Foreign Minister or Transportation Minister will become Premier. The Economic Affairs Minister has been criticized by Social Christian circles because of his price control policy, and the Home Affairs Minister has been criticized for wanting an excessive expansion of the home security system. (FBIS Amsterdam Aneta, 30 Oct 51)

Comment: As a result of the support given to the Socialist trade union federation's wage demands by the Social Christian trade union, which is unofficially tied to the PSC, rumors have been current that there would be a change in the government's composition to include one or two ministers influential in labor circles. However, this is the first indication that the Prime Minister may relinquish his post for another.

6. NETHERLANDS. Dutch to send rubber and ships to USSR: The Netherlands plans to send 5,000 tons of rubber and five small 14-knot refrigerator ships to the USSR in return for 120,000 tons of grain. The Dutch state they have had the entire transaction approved by the US delegate to COCOM; they feel that the deal is justified because the ship types are not on the International List, and because the UK sends about 8,000 tons of rubber to the Soviet Union monthly. Furthermore, the rubber from Dutch sources will be shipped in small lots. (S The Hague, Joint Weeka 43, 26 Oct 51)

Comment: During 1950, the Netherlands received less than 10 percent of its grain imports from Eastern Europe. The Netherlands-USSR trade agreement, signed in June 1948, runs for a five-year period; but actual trade is subject to the establishment of quotas for intermediate periods. Rubber deliveries have previously been included in trade protocols. The Netherlands is already committed to construct for the USSR at least three small cargo vessels of about 6,500 tons each, designed for use in the Arctic.

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7. Dutch expose Czechoslovak espionage activities: In order to warn the Dutch people against further espionage activity, the Netherlands Government issued a communique on Czechoslovak espionage activities in the Netherlands and Belgium. The military attaches at the Czechoslovak Legation in Brussels were charged with spying and with keeping secret agents in both countries. Information on military and economic matters and the activities of Czechoslovak refugees in the Netherlands who fled the Gottwald regime was especially sought, and was sent out of the country secreted in ordinary postal communications. The communique also referred to the activities of some minor Dutch agents. No mention has been made of arrests. (R FBIS Paris AFP, 30 Oct 51)

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Comment: This communique was not issued through regular government channels, but rather through the semi-official government news agency. No official confirmation has been received.

Infrequent reports over the past two years on Czechoslovak IS activities reveal a continuing interest in over-all information on economic and military matters.

8. ITALY. Communists step up pre-election propaganda in Southern Italy: Giuliano Pajetta, Italian Communist Deputy, recently returned from a trip abroad and is engaged in a pre-election propaganda campaign in Southern Italy. [REDACTED]

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Comment: Use of such a high-ranking Communist deputy as Pajetta in the propaganda campaign in Southern Italy suggests how important the Communists consider their showing at the elections in this area which are now scheduled for spring. The Sicilian elections in June of this year showed gains for the Communists at the expense of the Christian Democrats, who postponed the elections which had been scheduled for this fall presumably in the hope of recovering some of their losses in the rest of the area before spring. Pajetta's trip abroad may well have been for the purpose of receiving indoctrination from high Communist officials in preparation for his propaganda campaign.

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ECUADOR. Possible revolution reported: Carlos Guevara Moreno, leader of the Concentration of Popular Forces, may, [REDACTED] attempt to overthrow the Ecuadoran Government if he is not elected mayor of Guayaquil on 4 November. Even if elected, Guevara may consolidate his forces through his position as mayor and attempt a coup d'etat. (C [REDACTED])

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Comment: The present municipal campaign is more hotly contested than usual because the successful candidates, representing Fascist and Communist-supported groups, are expected to be able to influence the outcome of the 1952 presidential elections. A 25 October attempted assassination of Guevara, in which two of his followers were killed, and a Communist-led 24-hour general strike on 29 October have increased general unrest.

An attempted coup by Guevara may be followed by a counter-coup instigated by Defense Minister Diaz Granados. President Galo Plaza has averted many revolutionary attempts, and can be counted upon to exert his utmost capabilities to maintain political stability.

10. LATIN AMERICA. CTAL official discusses current Communist labor strategy: In a letter written last July to Costa Rican Communists, Rodolfo Guzman,

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a CTAL official, discussed the July WFTU meeting in Vienna and the current Communist strategy of labor unity. He views the task of Latin American leaders as that of "insisting on the unity of labor and in breaking the sectarian tendencies which impede greater activity," and states that the struggle for unity should be directed "toward objectives which are concrete, immediate ... and not toward general objectives or interference of a political character." He says that "the idea should be abandoned that all platforms and proposals for unity should contain reference to the struggle against war and the campaign for peace." As examples of "sectarian errors" in strategy, he cites the Colombian Communists' walkout when non-Communist Liberal leaders refused to accept CTAL and WFTU affiliation, and their unsuccessful attempts to make the Liberals accept "the struggle against the atomic bomb" as a part of the labor platform. [REDACTED]

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Comment: The insistence by Communist leaders that international Communist propaganda objectives be included as part of domestic labor programs has also cost them support in Uruguay. The present strategy appears better adapted to the preservation of existing Communist influence within Latin American labor, and may favor acceptance of Communist support by non-Communist groups. A similar strategy has been reported from France, where there are indications that Moscow has given the French Communists a free hand for organizing an "economic" mass movement devoid of "political antics." The Communist strategy is suggested in a resolution of the July WFTU meeting which advises affiliates to increase their activities with respect to concrete and immediate labor objectives "together with workers and employees of all political, religious, and syndical affiliation as well as with unorganized labor."

11. ARGENTINA. President Peron begins his leave of absence: The Minister of Interior announced that President Peron was to begin his leave of absence, recently approved by Congress, on 31 October (see OCI Daily Digest, 10 Oct, 15 Oct 51). The Minister pointed out that Rear Admiral Teisaire, President pro tempore of the Senate and Chairman of the Peronista Party, will take over the executive functions in conformity with the law of succession since Vice-President Hortensio Quijano is ill. Nothing was said about what Peron plans to do while on leave or when he will return to power. (C Buenos Aires 339, 31 Oct 51; R FBIS, 31 Oct 51; U NY Times, 31 Oct 51)

Comment: While this leave of absence presumably will allow Peron to make an apparently warranted intensive campaign tour, Senora de Peron's reported illness may have considerable bearing on Peron's action. The leave does remove Peron officially from the government functions, at least temporarily, during this critical period. Further, it may allow for greater flexibility in and an intensification of political maneuverings by Peronista Party factions and the armed forces.

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[] recently reported the possibility of attempts by the military to force Peron out of office by the end of October or in early November. Another report has relayed rumors that army leaders have given Peron until 2 November "to get out or be thrown out." Whether there is a direct relationship between Peron's leave and any pressure from the armed forces, and, if so, whether this leave satisfied armed forces demands are still unknowns.

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SECTION 2 (EASTERN)

- 25X1 1. ETHIOPIA. Plot to overthrow government reported: "Persistent reports" concerning a plot to overthrow the Ethiopian Government on 2 or 3 November, during Coronation Day celebrations, have been received by the US Ambassador in Addis Ababa. [] security police are planning to arrest a number of persons allegedly engaged in espionage for "foreign powers." Other reports indicate that "younger elements" in the government plan to seize the initiative while the Emperor and many loyal citizens are occupied with the anniversary celebration.

The Ambassador states that six hundred additional police engaged some months ago are believed to be alerted for duty in the capital during the three-day celebration. (TS, S/S Addis Ababa 201, 30 Oct 51).

Comment: Similar reports of an impending revolt in Ethiopia have been received over the past several months. Last July a conspiracy to overthrow the government, allegedly Communist-abetted if not Communist-inspired, was uncovered and quickly suppressed by the government. The "younger elements" referred to presumably include the Communist-controlled Youth League, which was involved in the July episode.

2. JAPAN/CHINA. Chinese Nationalists aroused over alleged statements of Japanese Prime Minister: Prime Minister Yoshida's reported statement before the Japanese Diet on 30 October that Japan would "gladly" negotiate a peace treaty with the Chinese Communists without the "slightest objection" has shocked the Chinese Nationalist Government, according to the US Charge at Taipei.

He reports that Yoshida's recent comments, indicating that Japan will make no early decision on the Chinese treaty question, are producing a highly embarrassing and unsettling situation in Formosa. This is damaging to the US aid program, is helping the Communists, and is giving the impression that "the Japanese are already throwing their weight around in the traditional manner."

Meanwhile, the Chinese Foreign Minister has requested US help in meeting charges that Yoshida's statements actually represent US policy and are "intended both as a direct Japanese and indirect US slap-down for the Nationalist Government." (S, S/S Taipei 562, 31 Oct 51).

Comment: There is as yet no official confirmation of Yoshida's alleged statement. In previous Diet speeches he has attempted to maintain a non-committal attitude on the Chinese treaty question, out of deference both to diverse international opinion and to domestic political opposition. He has officially assured the US, however, that the Japanese Government has no in-

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tention of concluding a bilateral treaty with the Communist regime.

Despite the strong anti-Communist stand of the Japanese Government, the Nationalists remain skeptical of Japanese intentions and have repeatedly urged the US to intercede in their behalf.

SECTION 3 (WESTERN)

3. ITALY. Italians offer Egyptians their good offices in present Anglo-Egyptian controversy: The Italian Ambassador in Cairo is reported by a member of King Farouk's Cabinet to have informed the Egyptian Foreign Minister that "Italian hearts beat as one with the Egyptians, and could Italy be of use?" The Egyptian's affirmative reply included a suggestion "get the British out first."

The US Ambassador in Cairo has expressed the view that, because of the large Italian colony in Egypt, any Italian intervention would favor the Egyptians. (TS, S/S Cairo 585, 27 Oct; S, S/S Cairo 578, 26 Oct 51).

Comment: The Italians have for many years maintained close relations with Egypt, where they have exerted considerable influence because of their economic interests. There is little chance that the Italian proposal will be given serious consideration in Cairo.

Although Premier de Gasperi, in his recent offer to mediate the Anglo-Egyptian dispute, had referred to the long tradition of friendly relations between Italy and Egypt, the remark by the Italian Ambassador is by far the strongest expression of Italian sympathy for Egypt so far reported and probably represents his own view. On a previous occasion he allegedly declared that since Italy was kept out of her former colony of Libya, there was no reason why Britain should remain in Egypt.

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